

(2) ANY STATEMENT OF ACTUAL REASON WILL BE RETAINED AS A PUBLIC RECORD IN THE ADMINISTRATION.

(H) CLEAR AND SPECIFIC REASONS REQUIRED.

(1) THE REASON GIVEN IN THE STATEMENT OF ACTUAL REASON OR STATEMENT REFUSING AN APPLICATION MUST BE SUFFICIENTLY CLEAR AND SPECIFIC SO THAT AN APPLICANT OF REASONABLE INTELLIGENCE CAN IDENTIFY THE BASIS FOR THE INSURER'S DECISION WITHOUT MAKING FURTHER INQUIRY.

(2) THE USE OF GENERALIZED TERMS SUCH AS "PERSONAL HABITS", "PHYSICAL HANDICAP OR DISABILITY", "LIVING CONDITIONS", "POOR MORALS", OR "VIOLATION OR ACCIDENT RECORD" DOES NOT MEET THE REQUIREMENT OF THIS SUBSECTION.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 240C.

In subsection (a) of this section, the second sentence of former Art. 48A, § 240C(a), which provided that "reason" is defined to include "reasons", is unnecessary in light of Art. 1, § 8 of the Code, which provides that the singular includes the plural.

In subsection (b)(1) of this section, the reference to the "Maryland Property Insurance Availability Act" is substituted for the former reference to the "Maryland property insurance availability program" to conform to terminology used in Title 25, Subtitle 4 of this article.

In subsection (b)(2)(iv) of this section, the former phrase "as defined in § 69 of this article", which modified "surety insurance", is deleted as surplusage.

In subsection (g)(2) of this section, the reference to the "Administration" is substituted for the former obsolete reference to the "Division" for accuracy.

The Insurance Article Review Committee notes, for consideration by the General Assembly, that former Art. 48A, § 240C has been interpreted by a federal court to apply only to the cancellation or nonrenewal of existing policies and not to the issuance of new policies. Parsons v. Erie Insurance Group, 569 F. Supp. 572, 576 (D. Md. 1983). See also Admiral Insurance Co. v. John Stromberg and Associates, 77 Md. App. 726, 741-744 (1989), cert. denied, 315 Md. 691 (1989).

Defined terms: "Administration" § 1-101

"Commissioner" § 1-101

"Health insurance" § 1-101

"Insurance" § 1-101

"Insurer" § 1-101

"Life insurance" § 1-101

"Person" § 1-101

"Policy" § 1-101